



## STATE BOARD OF EQUALIZATION STAFF LEGISLATIVE BILL ANALYSIS

Date Amended:	<b>07/17/01</b>	Bill No:	<b>AB 1477</b>
Tax:	<b>Emergency Telephone Users Surcharge</b>	Author:	<b>Hertzberg</b>
Board Position:	<b>Oppose</b>	Related Bills:	<b>AB 1458 (Kelley) AB 2837 (2000)</b>

### BILL SUMMARY

This bill would allow every local public agency to establish a nonemergency telephone system within its respective jurisdiction with the digits 3-1-1 being the primary telephone number within the system. This bill would also increase the emergency telephone users surcharge in order to fund the State Nonemergency Telephone System.

### ANALYSIS

#### Current Law

Under existing law, Section 41020 imposes a surcharge on amounts paid by every person in the state for intrastate telephone communication services in this state.

Section 41030 requires the Department of General Services (DGS) to annually determine, on or before September 1, a surcharge rate that it estimates will produce sufficient revenue to fund the current fiscal year's 9-1-1 costs. The DGS is required to notify the Board of Equalization (Board) of the new rate, which is fixed by the Board to be effective with respect to charges made for intrastate telephone communication services on or after November 1 of each year. The current surcharge is 0.72% of the amounts paid for intrastate telephone services in this state.

Section 41032 requires the Board to publish the new rate in its minutes each year, no later than September 15. The Board is also required to notify by mail every service supplier registered with it of the new rate.

The surcharge is paid to the Board and deposited in the State Treasury to the credit of the State Emergency Telephone Number Account in the General Fund.

#### Proposed Law

This bill would add Article 6.6 (commencing with Section 53126) to Chapter 1 of Part 1 of Division 2 of Title 5 to the Government Code to allow every local public agency to establish a nonemergency system within its respective jurisdiction with the digits 3-1-1 being the primary nonemergency telephone number within its system.

*This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the Board's formal position.*

This bill would also amend Sections 41020 and 41030 of the Revenue and Taxation Code to increase the emergency telephone users surcharge in order to fund the State Nonemergency Telephone System. The increase, not to exceed one-quarter of one percent, would be imposed on amounts paid by every person within the jurisdiction of a participating local public agency whose application for a 3-1-1 nonemergency telephone system is filed.

### **In General**

Under existing law, Article 6 (commencing with Section 53100) of Chapter 1 of Part 1 of Division 2 of Title 5 of the Government Code requires every local agency to maintain within its respective jurisdiction, an emergency telephone number system with the digits 9-1-1 being the primary telephone number within the system. Additionally each public agency or public safety agency is required to maintain a separate number for nonemergency telephone calls.

In recent years, the efficient and effective use of the 9-1-1 emergency telephone system has been compromised by an increase in nonemergency calls to that number. In response to the increase in nonemergency calls to the 9-1-1 emergency response number, the Legislature passed and the Governor signed Assembly Bill 1198 (Ch. 887, Stats. 1997). That bill provided funding for a pilot project to evaluate two different approaches to reducing the number of nonemergency calls, which include:

- The use of 3-1-1 as a means of reaching local public safety agencies for nonemergency assistance.
- The improved marketing of the use of, and access to, existing nonemergency telephone numbers for nonemergency assistance.

The DGS, Telecommunications Division, selected San Jose and San Diego as the pilot cities because they shared similar population size and demographics and because their automated 9-1-1 equipment could easily report a variety of 9-1-1 call statistics. Both cities confined access to their non-emergency numbers to their own city limits and supported the use of the non-emergency number only for communication between the public and law enforcement.

The preliminary conclusion of the pilot project report was that the 3-1-1 approach to reducing nonemergency calls had a greater positive impact on 9-1-1 than the use of improved marketing of existing nonemergency telephone numbers. The study also suggested that the Legislature consider whether focusing resources on other factors, such as emergency call center staffing, would have a similar beneficial impact on 9-1-1.

In November 2000, the DGS submitted a final draft report on the results of the pilot program to the Governor and the Legislature. The report concluded, in part, that "the data collected from the Non-emergency Number Pilot Project was inconclusive. Until more conclusive information is presented, the state should not invest in a non-emergency telephone number program to be implemented statewide."

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### Background

During the 2000 Legislative Session, AB 2837 (Hertzberg), a bill substantially similar to this bill, on which the Board took an "Oppose" position, was passed by the Legislature, but vetoed by the Governor. The Governor's veto message states, in part, the following:

"This bill authorizes local public agencies responsible for providing a public safety answering system to establish a local non-emergency telephone system. It would designate "311" as the primary non-emergency telephone number for that system. It requires the Department of General Services to establish operational standards, set rates, and administer this service. The measure further provides for local funding of each regional 311 service.

While the concept for a separate non-emergency telephone system is a good one, the potential costs for this program are unknown at this time. Without pilot projects to provide the data necessary to estimate costs for this program, it would be premature to approve this measure."

### COMMENTS

1. **Sponsor and purpose.** This bill is sponsored by the author and is intended to help improve the 9-1-1 emergency response system by reducing the number of calls received for nonemergency purposes. The author believes the demonstrated success of the pilot project justifies establishing a 3-1-1 nonemergency telephone number program.
2. **The July 17, 2001 amendments** reduce from one-half of one percent to one-quarter of one percent the amount the surcharge rate may increase annually. In addition, the amendments provide that until January 1, 2006, a city or joint powers authority that provides a public safety answering point shall have exclusive authority to propose the creation of a 3- 1-1 nonemergency telephone number system.
3. **The surcharge could be increased on November 1, 2003 to fund an approved 3-1-1 system.** This bill would require the DGS to determine annually, on or before September 1, the increase in the surcharge rate that it estimates would be needed to produce sufficient revenue to fund the current fiscal year's 3-1-1 costs for all the local public agencies whose applications for 3-1-1 systems have been *approved*. This bill provides that the DGS shall approve a plan if it is determined that the plan meets the minimum technical and operational standards DGS is required to establish on or before January 1, 2003.

Accordingly, if the DGS does not establish the technical and operational standards until January 1, 2003, the earliest the DGS could increase the surcharge rate to fund the 3-1-1 costs would be September 1, 2003. This increased rate would become effective with respect to charges made for intrastate telephone communication services on and after November 1, 2003.

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**COST ESTIMATE**

The Board would incur additional costs to revise returns, program computers, process returns, train staff and answer inquiries from the public. The start-up costs in Fiscal Year 2003-04 are estimated to be \$378,000, and then \$261,000 in 2004-05 and annually thereafter.

According to the 2001-02 Governor's Budget, the Board is currently budgeted \$763,000 for fiscal year 2001-02 to support administration of the surcharge to fund the 9-1-1 emergency telephone number system.

**REVENUE ESTIMATE**

This bill would increase emergency telephone user surcharge revenues; however, the amount of the increase would be more appropriately determined by the DGS. Pursuant to this bill, the DGS would be required to determine any increase in the surcharge that it estimates would produce sufficient revenue to fund the current fiscal year's 3-1-1 costs for each local public agency whose application for a 3-1-1 nonemergency telephone system is approved.

As a point of reference, surcharge revenues, which fund the 9-1-1 emergency telephone number system, were \$106 million for fiscal year 1999/2000. The surcharge was collected from California service users by 504 registered telephone service suppliers.

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